



U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS

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Treasury Acting Assistant Secretary for Financial Markets Karthik Ramanathan February 2009 Quarterly Refunding Statement

Washington, DC – Treasury is announcing the following changes to the issuance calendar:

- A new monthly 7-year note, with the first auction occurring in February 2009.
- A regular reopening of the quarterly 30-year bond in the month following the initial new offering, with the first reopening occurring in March 2009.

Details of the February Refunding

We are offering \$67 billion of Treasury securities to refund approximately \$36.3 billion of privately held securities maturing or called on February 15 and to raise approximately \$30.7 billion. The securities are:

- A new 3-year note in the amount of \$32 billion, maturing February 15, 2012;
- A new 10-year note in the amount of \$21 billion, maturing February 15, 2019;
- A new 30-year bond in the amount of \$14 billion, maturing February 15, 2039.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. EST on Tuesday, February 10, 2009. The new 10-year note will be auctioned on a yield basis at 1:00 p.m. EST on Wednesday, February 11, 2009, and the new 30-year bond will be auctioned on a yield basis at 1:00 p.m. EST on Thursday, February 12, 2009.

All of these auctions will settle on Tuesday, February 17, to accommodate the Presidents Day holiday.

The balance of our financing requirements will be met with weekly bills; monthly 52-week bills; monthly 2-year, 3-year, 5-year, and 7-year notes; the March 10-year note and 30-year

bond reopenings; the April 10-year note reopening; the April 5-year TIPS; and the April 10-year TIPS reopening.

Treasury also expects to issue cash management bills, some longer dated, during the quarter.

Changes to the Auction Calendar

During the last several months, changes in economic conditions, financial markets, and fiscal policy, as well as a decline in nonmarketable debt issuance have contributed to an increase in Treasury's marketable borrowing needs.

Treasury has responded to the increase in marketable borrowing requirements by raising issuance sizes of regular weekly and monthly bills, increasing the frequency and issuance sizes of cash management bills, increasing the issuance sizes of nominal coupon security offerings, and adjusting the securities offering calendar, including adding monthly 3-year notes, a second reopening of 10-year notes, and introducing newly issued 30-year bonds on a quarterly basis.

In response to the continued large increase in projected financing needs and to better manage the overall debt portfolio, Treasury is instituting the following changes to the auction calendar:

Introduction of a monthly 7-year note: Treasury is announcing the addition of a monthly new-issue 7-year note. The monthly 7-year notes will have an end-of-month settlement along with the 2-year and 5-year notes. The first auction of the 7-year notes will occur on Thursday, February 26, 2009 at 1:00 p.m. EST, for settlement on March 2, 2009.

Note that the 2-year and 5-year note auctions tentatively scheduled to occur at 1:00 p.m. on Wednesday, February 25, 2009 and Thursday, February 26, 2009, respectively, will now take place on Tuesday, February 24, 2009 and Wednesday, February 25, 2009, at 1:00 p.m. EST, respectively. The settlement date for the 2-year and 5-year notes will be March 2, 2009.

Introduction of a regular 30-year bond reopening: Treasury is announcing the addition of a regular reopening of the 30-year bond in the month following the initial quarterly offering. This will result in eight 30-year bond auctions a year. The first auction of the *reopening* of 30-year bonds will occur on Thursday, March 12, 2009 at 1:00 p.m. EDT, for settlement on Monday, March 16, 2009.

See Treasury's complete tentative auction calendar for the next six months at the following link:

<http://www.treas.gov/offices/domestic-finance/debt-management/auctions/auctions.pdf>

Additional Financing Needs and Portfolio Considerations

In managing the debt portfolio to achieve our objective of lowest cost financing over time, Treasury constantly reevaluates the nominal and inflation-indexed securities programs. We

will continue to monitor projected financing needs and make adjustments as necessary including, but not limited to, considering a second reopening of the 30-year bond in the month following the first reopening, and the reintroduction or establishment of other benchmark securities.

We will make an announcement at the May 2009 quarterly refunding regarding any changes to the auction calendar, including any decision regarding a second reopening of the 30-year bond.

Debt Subject to the Limit

Based on current projections, Treasury expects to reach the debt ceiling in the first half of 2009. Given the uncertainty surrounding potential borrowing needs, Treasury will continue to keep Congress and the markets apprised of developments as the debt outstanding approaches the statutory limit.

Please send comments and suggestions on these subjects or others related to Treasury debt management to debt.management@do.treas.gov.

The next quarterly refunding announcement will take place on Wednesday, April 29, 2009.

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